

Message Text

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62

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-02 SAJ-01 SS-15 NSC-05

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R 201608Z MAR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8816

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL AMSTERDAM

AMEMBASSY BRUSSELS

AMEMBASSY BERN

AMEMBASSY OTTAWA

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FEDERAL RESERVE PROPOSALS ON BANKING
REGULATIONS

1. WE HAVE NOT YET RECEIVED ANY COMMENTS OR REACTIONS
FROM THE GERMAN FEDERAL GOVERNMENT REGARDING THE FEDERAL
RESERVE PROPOSALS ON BANKING REGULATIONS.

2. FROM DISCUSSIONS WITH GERMAN PRIVATE BANKS AND
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COMMENTS OF THE BUNDESBANK, IT IS CLEAR, HOWEVER, THAT

THE GRANDFATHER CLAUSE IS THE KEY POINT MAKING THE PROPOSED US LEGISLATION MORE ACCEPTABLE TO THE GERMAN BANKING COMMUNITY AND DEFUSING PRESSURE TO RESTRICT THE MORE LIBERAL TREATMENT OF US BANK BRANCHES IN THE FRG. THE GERMAN BANKING COMMUNITY WILL HAVE VERY LITTLE UNDERSTANDING FOR THE EC COMMISSION'S OPPOSITION TO A GRANDFATHER CLAUSE AND THE COMMISSION IS HIGHLY UNLIKELY TO REFLECT THE VIEWS OF THE MEMBER STATES IN THIS OPPOSITION. AS VIEWED FROM BONN, EC HARMONIZATION OF BANKING REGULATIONS AND NEGOTIATIONS BY

THE EC COMMISSION IN THIS FIELD ON BEHALF OF THE MEMBER COUNTRIES ARE STILL IN THE FAR, FAR FUTURE.

3. US BANK BRANCHES IN THE FRG MUST HOLD MINIMUM RESERVES WITH THE BUNDESBANK. THE QUESTION OF FEDERAL RESERVE MEMBERSHIP FOR GERMAN BANKS IN THE US HAS NOT SO FAR PLAYED A PROMINENT PART IN THE GERMAN DISCUSSION OF PROPOSED US BANKING REGULATIONS. IT MAY, HOWEVER, STILL SURFACE.

4. WE WILL REPORT FURTHER AS SOON AS WE HAVE RECEIVED A REACTION FROM THE GERMAN FEDERAL GOVERNMENT.
HILLENBRAND

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